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Chairman: Mr. Olhaye ..... (Djibouti)

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The meeting was called to order at 10.15 a.m.

Agenda item 97: Macroeconomic policy questions

(a) High-level international intergovernmental consideration of financing for development (A/54/28)

1. **Mr. Sharma** (India), Vice-Chairman of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development, introduced the Working Group's report (A/54/28) prepared pursuant to General Assembly resolutions 52/179 and 53/173. The Working Group had made several recommendations concerning the scope, agenda and form of the high-level intergovernmental event to be held in 2001. The event should address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence. Its scope should encompass the topics of domestic resources for development, international resources, international financial cooperation including official development assistance and debt relief, prevention of international financial crises and the special needs of developing countries with difficulties in attracting financing for development.

2. The Working Group had identified eight agenda items for the event: mobilizing domestic resources for development; international private financial flows for development; international financial cooperation for development; external debt; financing for development and trade; innovative sources of financing; governance of the international monetary, financial and trade systems; the interrelationship between major elements and other special topics. The Working Group felt that the event should take the form of a high-level intergovernmental meeting, at least at the ministerial level. The agenda should attract the attention of various ministries, for example, of finance, commerce, development and foreign affairs. Both the final event and the preparatory process should involve participation by all stakeholders, as well as the International Monetary Fund (IMF) and the World Bank. The event could be linked with the General Assembly and include a high-level segment of three to four days' duration, and it should be given the necessary publicity. The Working Group viewed the preparatory process as essential and felt that it should be open to all States Members of the United Nations, members of specialized agencies and other observers. A report on the progress of work should be submitted to the General Assembly at its fifty-fifth session.

3. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs) said that what the major events organized by the United Nations during the 1990s had in common had been the mobilization of support from a great variety of institutions, including ministries of the environment, education, health and, on occasion, agriculture, which had enhanced the credibility of the events. To achieve that result, the event must devote attention to measures to be taken at the national level. The second common characteristic of the events of the 1990s was that, while they aimed at intergovernmental agreements, they also welcomed the contributions of the various actors of civil society, thereby enhancing their significance in the eyes of the public. For the event to be a success, the preparatory process must be constructive. Care should therefore be taken in deciding on the type of preparations to be made.

4. **Mr. Insanally** (Guyana), speaking on behalf of the Group of 77 and China, said that it was urgent to relaunch cooperation for development since otherwise the promise of globalization was likely to become a mirage for the vast majority of countries.

5. The persistence of underdevelopment in an era of prosperity was unjustifiable. In the absence of a stable and secure global environment for economic growth and development, the socio-economic advances countries had made could be rapidly swept away, as the Asian financial crisis had shown. Without denying national responsibility for development, one could not ignore the importance of international action in fostering social and economic progress.

6. A consideration of ways and means of financing development represented an opportunity for building a new global partnership for development, an opportunity the international community should not fail to seize, under the leadership of the United Nations. The Group of 77 and China supported the recommendations of the Working Group concerning the form, scope, agenda and preparatory process of the proposed event.

7. It was now time to consider more closely the nature and structure of the preparatory process, the bodies to be invited and the modalities of their participation, and, even more important, the form of the final event, the level of intergovernmental participation and the nature of the documents to emerge from it. The Working Group's report offered useful guidelines in that regard. The Group of 77 and China felt that the agenda for the event should be broad enough to attract the attention of all stakeholders at the national and international levels. The Bretton Woods institutions, the World Trade Organization (WTO), regional

institutions, the United Nations Conference on Trade and Development (UNCTAD) and other United Nations organizations should participate in the preparatory process, the final event and the implementation of the agreed outcomes.

8. During the high-level segment of the Economic and Social Council in July 1999, the Group of 77 and China had suggested the creation of a task force composed of representatives from the United Nations, IMF and the World Bank to determine ways in which cooperation could take place at all stages of the process, namely, the preparation phase, the final event and the follow-up. The General Assembly should call the event to the attention of the various bodies, programmes and agencies of the United Nations so that they could begin to consider seriously their own involvement. It was also important to give attention to the modalities and implications of the participation of non-governmental organizations in the event. In that regard, it might be useful to request advice from the NGO Liaison Office and perhaps from the organizers of the World Economic Forum at Davos. The Secretary-General should be asked to consult with the non-governmental organizations and to make proposals concerning their participation in the event.

9. The time had come to address practical details. The resolution to be adopted by the Second Committee should clarify the procedural steps to be taken to establish the preparatory committee, which should begin its work no later than January 2000.

10. **Ms. Rasi** (Finland), speaking on behalf of the European Union, said that Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, along with Cyprus and Malta, aligned themselves with her statement.

11. In selecting the priority themes to be addressed at the high-level event, it was important to choose areas where greater understanding of the complex issues of development financing might be achieved; where solid results might be attained; where the impact of the measures taken could be maximized; and where special emphasis could be given to the specific problems faced by the least developed countries.

12. The European Union attached great importance to the roles of various forms of financing for development and to measures to strengthen their complementarity. The role of official development assistance, its forms, effectiveness and relationship to other sources of financing for development needed to be further clarified. It was also important to pursue new sources of financing and innovative mechanisms to enhance the private sector's involvement in sustainable development, and the Bretton Woods institutions, notably the World Bank, should work with the United Nations and Governments in that area. The European Union was open to an innovative format for the final event. It would like to see IMF play a complementary role to the World Bank.

13. Governments had already proposed the establishment of a joint task force to facilitate the participation of the Bretton Woods institutions in the preparatory phase. It was important to ensure the representation of organizations and Governments in the joint task force and to set reasonable time-frames for the completion of their work.

14. The European Union was convinced that a truly extensive partnership was crucial to the success of both the preparations and the event. Participants should include a range of international organizations, including financial institutions such as IMF, the multilateral development banks, the organizations of the United Nations system, WTO and other relevant organizations, together with representatives from the private sector, non-governmental organizations and the broader civil society.

15. National institution-building and national stability were essential to the creation of an enabling environment for development financing, economic growth, democracy and transparency. In order to create an environment capable of attracting development resources, development programmes should be national and should include the participation of a range of stakeholders, including at the grass-roots level.

16. **Mr. Osei-Danquah** (Ghana) said that his delegation associated itself with the statement made by the Group of 77 and China. The recommendations in the report of the Ad Hoc Open-ended Working Group of the General Assembly reflected three concerns: the convening of a worldwide event which would not repeat what had been said in other forums, and which would, first, emphasize the links between financial, monetary and trade policies and their impact on development; second, ensure the participation of all stakeholders, including the major multilateral institutions, the private sector and civil society; and third, draw the attention of the public to the leadership role of the United Nations.

17. The event on financing for development should have as its objective the creation of partnerships that would facilitate the mobilization of resources. In that regard, his delegation welcomed the support expressed by the World Bank and IMF. The realization of that objective would depend on progress achieved in such core areas as an integrated approach to issues of finance, trade and development and the implementation of the outcomes of the major United Nations conferences and summits of the 1990s.

18. A preparatory committee should be set up as soon as possible. His delegation supported a flexible approach which would ensure that any decisions taken had the support of the Bretton Woods institutions and would permit the elaboration of a comprehensive final document that stood a chance of being implemented. Many declarations, plans of actions and other agreements served merely as a reminder of the extent to which development actions had failed.

19. His delegation endorsed proposals to invite the Bretton Woods institutions and WTO to participate in the preparations as well as in the event itself and to ascertain how those entities might like to participate. It was important to receive responses from those bodies before the first session of the preparatory committee. UNCTAD should also take an active role. Such a convergence of ideas between the United Nations and the Bretton Woods institutions had never before occurred, and full benefit must be derived from it. In order for the United Nations to assert a leadership role, it must be able to persuade other institutions to join the process. Marginal participation by those institutions would demonstrate, not the strength of the United Nations, but rather its lack of influence.

20. He commended the proposal on the establishment of a joint task force to facilitate the involvement of the Bretton Woods institutions in the event and recommended that UNCTAD should participate, on behalf of the United Nations, in the efforts of the task force.

21. With regard to the event itself, his delegation favoured a Davos-type interactive exchange which was organized with sufficient flexibility to ensure interaction between ministers of trade, finance and foreign relations, the executive directors of the Bretton Woods institutions, United Nations officials, and representatives of Governments and the private sector. That interaction should lead to the conclusion of a partnership agreement with the private sector and the elaboration of a declaration or other document stipulating actions to be taken by developing countries, industrialized countries and multilateral institutions to achieve the event's objective.

22. **Mr. Gallagher** (United States of America) said that his Government was keenly interested in the dialogue on financing for development that the General Assembly had initiated in 1997. It welcomed the fruitful discussions held by the Working Group on financing for development, the open, thoughtful and serious nature of which should set the tone for coming discussions on a subject of key importance to development. The sessions of the Working Group had enhanced his delegation's understanding of the views of other countries on many aspects of financing for development. Those views had been transmitted to the competent authorities in Washington, where they had generated a considerable amount of debate and enabled policy makers to be more aware of the concerns of other countries.

23. In keeping with the step-by-step approach to financing for development it had always advocated, his delegation believed that the next step should be to reach agreement on a procedural resolution which would establish concrete measures for moving the process forward. To be successful, the high-level event in 2001 would require ensuring broad participation in both the preparatory process and the event, particularly by the Bretton Woods institutions (either through cosponsorship or some other mechanism), by other international and regional organizations engaged in financing for development, especially the regional development banks, which had extensive practical experience in the field, and by the private sector, which provided the bulk of the funding for economic growth throughout the world.

24. Secondly, it should be decided whether, at the current stage of the preparatory process, to retain the co-chair system, which had proved effective, to use a traditional bureau or an expanded bureau, or to choose another framework altogether. Although his delegation had no specific preference, it believed that the structure chosen should be constituted well in advance, so as to ensure membership continuity throughout the preparatory process and the high-level event. It also believed that an atmosphere of openness and transparency should prevail throughout the deliberations.

25. Thirdly, in the view of his delegation, it would be useful to establish a consultative group, such as a joint task force of the type recommended by the Economic and Social Council, which would work together with key partners to develop options for involving other actors in the financing for development process which could later be submitted to Member States. With regard to the scope and agenda of the event, his delegation agreed that the recommendations contained in the report of the working group should be followed, and that all aspects of financing should be considered, including the interrelationships among various types of financing and the means of ensuring that the funds released would contribute to the development objectives set by the world conferences of the 1990s. Finally, he would like to reiterate his delegation's strong commitment to working with other delegations throughout the preparatory process with the goal of mobilizing more resources for development.

26. **Mr. Chulkov** (Russian Federation) thanked the Ad Hoc Open-ended Working Group for its excellent report (A/54/28), which completely fulfilled its mandate. The preparatory process for the high-level intergovernmental event to be held in 2001 should involve international organizations, including the United Nations, and, because of its financial aspects, the Bretton Woods institutions. The preparatory process should consist of two stages: first, a programme or agenda must be defined; second, the format for the high-level event must be selected.

27. **Mr. Escanero** (Mexico), speaking on behalf of the Rio Group, said that the members of the Group attached particular importance to the Second Committee's work on macroeconomic policy issues because they had suffered greatly from financial instability and the effects of the international financial crises, including economic slowdowns, a drop in exports, especially commodities and semi-finished products, an increase in the balance of payments deficit and a decline in the volume of international reserves. Under such circumstances, the United Nations was the most appropriate international forum for debate on global economic problems. Recent financial upheavals and the problems of globalization should motivate the United Nations to seek solutions, in particular through concerted action of Member States to overcome the obstacles to development.

28. Since the adoption of General Assembly resolution 52/179, intergovernmental consultation and consideration of the topic of financing for development had made progress, but the work of the Ad Hoc Open-ended Working Group on Financing for Development had shown the need both to broaden and to deepen the debate. In the short term, it was imperative that the General Assembly should decide on the technical preparation for the high-level international event at its current regular session that would enable all the aspects of development financing to be examined, including the issue of public and private capital flows, the problem of public and private external debt, the overhaul of the international financial system and the creation of a favourable international environment and new and innovative sources of financing for development.

29. Because of the importance of the preparatory work and out of concern for consultation, a broad mechanism for consultation must be established among the specialized agencies, the United Nations regional commissions, the Bretton Woods institutions and, within their field of competence, the World Trade Organization and other intergovernmental organizations dealing with specific problems of financing for development, as well as the private sector, another important actor.

30. The regional dimension of that effort should not be neglected, and therefore high-level regional meetings should be organized with the participation of governmental and intergovernmental agencies in the areas of foreign affairs and finance, central banks, trade and social development. In that regard the Rio Group noted that, in implementation of General Assembly resolution 53/172 and with the support of ECLAC, the countries of Latin America and the Caribbean had held a high-level regional meeting in September in Mexico on the topic "Towards a more stable and predictable international financial system and the relationship between such a system and social development". High-ranking officials from the countries of the region, experts and distinguished representatives of the multilateral institutions in the financial and social fields had participated. The meeting had reaffirmed the urgent need to redefine the world financial system from a social development perspective and the central role of the United Nations in helping to redefine the international consensus necessary to such an overhaul. The States members of the Rio Group would do everything possible to ensure that the 2001 event would result in concrete measures to promote equitable development on a global scale.

31. **Mr. Rosenthal** (Guatemala), after associating his delegation with the statements by the representative of Guyana on behalf of the Group of 77 and China and of Mexico on behalf of the Rio Group, said that the report of the Ad Hoc Open-ended Working Group of the General Assembly contained in document A/54/28 had not fully conveyed the richness, depth and scope of its deliberations. Actually, the participants had reached two conclusions. The first, concerning the definition of the content and scope of the event planned in General Assembly resolution 52/179 was described thoroughly in the report. The second, which was equally important, if not more, was not mentioned: the recognition of the tremendous potential impact of that initiative on development.

32. Although the specifics were gradually being worked out through dialogue and consultation, the principal theme for the event, around which the discussions would centre, was still to be determined. In the view of his delegation, there was no doubt that financing in its most general sense — the mobilization of savings and their use for investment — was one of the pillars of sustainable development, given the crucial role it played in stability and growth in a spirit of equity. The range of topics proposed by the Ad Hoc Working Group was very broad because it encompassed matters pertaining both to internal policy and to international cooperation, and rather than artificially emphasizing one or the other of those two elements, it

described their complex interaction. The themes chosen also moved from theory — the various ingredients necessary to create conditions favourable to savings and investment — to practice, for example, how to prevent countries from going overboard with the fiscal advantages gained.

33. He drew attention to the last sentence of paragraph 15, "... the event will also address development through the perspective of finance". Indeed, from the United Nations point of view, in speaking about "financing for development", the emphasis should be placed on "development" because that was its legitimate area of expertise, and it should not venture into the areas of competence of other organizations. On the other hand, it was essential to ensure broad participation of institutions concerned with questions of finance, in particular the Bretton Woods institutions. Thus, it would be useful to specify the modalities for that participation, ranging from simply attending as observers to co-sponsorship of the event. Guatemala supported the establishment of a special task force to define that partnership, and believed that it should be composed of a dozen or so representatives of the Secretariat and the administration of the World Bank and IMF and their respective intergovernmental agencies and should focus on studying the limits within which the multilateral financial institutions could participate in activities, on the understanding that the final decision lay with Member States.

34. Guatemala would like to see the high-level meeting take the form of an international conference that would bring together ministers for foreign affairs, the economy, finance or international cooperation and would be held at Headquarters or in a Member State. Only the United Nations had the legitimacy and moral authority to convene such a diverse group of national actors. Guatemala had no objection to broad participation by the non-governmental sector in the conference, especially of organizations in the fields of banking and finance. Finally, it supported the establishment of a preparatory committee, which could take the form of an ad hoc open-ended working group, since it was clear that the success of the conference and its impact would depend on the quality of the preparatory process.

35. At the beginning of a new millennium, the international community had the opportunity to rethink its development activities. After taking up such themes as the environment, gender equality, the rights of the child and social integration, the United Nations could emphasize financing for development, which would enable it to make its development activities concrete, and in cooperation with other multilateral institutions, explore the best ways to provide humanity with decent living conditions.

36. **Mr. Tudela** (Peru), associating his delegation with the statement made by the representative of Guyana on behalf of the Group of 77 and China, and by the representative of Mexico on behalf of the Group of Rio, said that the question of financing for development generated great expectations in both developing and industrialized countries, particularly, since it had been established more clearly that global poverty was increasing for several reasons — inadequate domestic economic policies, financial crises, natural disasters and conflict escalation. Global economic growth had amounted to an average of five per cent during the 1990s; that was two per cent below the goal and, more serious still, following the setbacks of 1997, it had plateaued out at two per cent since 1998. In the framework of the Fourth United Nations Development Decade, it had been recognized that economic reactivation depended on domestic and foreign financial resources. Although, the flow of foreign capital towards developing countries had increased at the start of the 1990s, the Asian crisis had caused it to decline abruptly. To reduce poverty, it was necessary to begin by alleviating the developing countries' debt, particularly, that of the heavily indebted poor countries (HIPC), hence the importance of the Heavily Indebted Poor Countries Debt Initiative, the Cologne Initiative and statements by the leaders of the Bretton Woods institutions. Another significant factor was the economic and financial openness policies of medium-income countries which, in many cases, had been able to reactivate their economies and markets, even though the financial crisis, globalization and natural disasters had a negative effect on their progress. Peru acknowledged the efforts of both the United Nations Development Group and the United Nations in the area of development assistance.

37. Since development required stability and predictability, Peru joined other States in calling on the developing countries to eliminate protectionism in trade and services; it hoped that the international community would study the mechanisms of capital flows that were so abrupt that they destabilized some countries. The crisis was global and the solution should be global also. States should attempt to anticipate crises and ensure that the Bretton Woods institutions took the necessary restructuring measures. The United Nations was the only international organization able to forge a consensus on ideas and the courses of action to be taken with respect to development and other global issues, although the question of financing for development needed to be approached in accordance with the commitments that the international community had already made.

38. The report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development (A/54/28) gave an interesting overall picture of national and

international problems relating to financing for development in the context of globalization and interdependence. Nevertheless, to place greater emphasis on the question of financing for development, it should be based on five key factors: 1) international resources, including foreign direct investment, trade and other private flows; 2) internal financing resources; 3) international financial cooperation for development and debt alleviation measures; 4) problems related to the monetary, financial and commercial systems and the role of IMF, the World Bank and WTO; and 5) countries' specific needs and concerns. With regard to the format, Peru favoured a high-level intergovernmental meeting to deal with all the topics, working in collaboration with the World Bank, IMF and WTO. The event should last no more than three days and it should be given great visibility, as public opinion was interested in solutions to the problem of poverty and how development could be financed.

39. **Mr. Al-Aujali** (Libyan Arab Jamahiriya) said that financing for development had special importance in view of the inadequacy and extreme instability of financial contributions to developing countries, which compromised their development and their integration into the global economy. All developing countries were affected by the dearth of capital. Furthermore, the least developed suffered from declining official development assistance, heavy indebtedness, falling export earnings owing to low commodity prices, virtually no foreign direct investment, and the effects of the structural adjustment imposed on them by IMF, which was why they had major difficulties in mobilizing domestic resources. The more advanced developing countries had also been hit very hard by the financial crises and sudden massive outflows of capital, which had severely affected the real economy.

40. The international financial system had serious inadequacies and did not take into account the interests and expectations of developing countries. All countries therefore agreed that it required fundamental changes. The main challenge was to restructure the international financial system so that it would respond to development needs. That was the context for the preparatory work for the high-level meeting, which would give all countries an opportunity to establish a frank dialogue that would lead to effective action.

41. Agreement still had to be reached on the nature of the high-level event, its agenda and the preparatory process. The high-level meeting should not be an end in itself, but should initiate a dialogue on issues of financing for development. The agenda should be balanced and give priority to development problems. Official development assistance, debt, investment and trade should also be included, in a coherent manner. The United Nations Secretariat should play a leading role in the preparatory process, particularly, entities that dealt with official development assistance, debt, investment and trade, especially UNCTAD and the regional economic commissions. The Bretton Woods institutions and WTO, as well as other stakeholders such as the private sector and non-governmental organizations, should also be invited to take part in the preparatory process, where UNCTAD would be the principal actor.

42. **Ms. Krishna** (India), associating her delegation with the statement made by the President of Guyana on behalf of the Group of 77 and China, said that financing for development would be an issue of crucial importance for the credibility of the United Nations in the coming decades. In the 1990s, the international community had painstakingly negotiated a set of priorities in the framework of the major conferences on the environment, population and development, social development, habitat, and women and development. At the very moment when the United Nations was completing the five-year review of many of those conferences, the inadequacy of the resources mobilized and the apathy of international cooperation even in priority areas had become evident, hence the importance of the current exercise.

43. Recent crises, including the Asian crisis, had recalled the intolerable human and social cost of the lack of international institutional frameworks and the systemic shortcomings. Following the abrupt decline in capital flows to South-East Asia, more than 13 million people had lost their jobs and real wages had fallen by 40 to 60 per cent. Even though there were signs of recovery and the indicators were gradually returning to normal, it should not be forgotten that much more time would be needed to remedy the human tragedies. Moreover, the financial crises appeared to be increasingly frequent and more severe and it was beginning to be understood that they were the result of the malfunctioning of international capital markets and that global action was needed to overcome them. Some people also believed that the social and human costs were the price to be paid for the additional prosperity brought by globalization and liberalization.

44. Globalization had opened up many new opportunities around the world, through increased trade, the development of new technologies, investment and expanding communications. However, it guaranteed nothing with regard to the activities crucial to social and human development, such as education, health and environmental protection, for which the market did not provide. As States retreated from an economic environment marked by the frenetic pursuit of ever more efficiency and competitiveness, the social and political freedom of action of Governments

decreased, resulting in greater concentrations of wealth and power. And, as the recent financial crisis had demonstrated, the market was far from infallible and was prone to miscalculate risks, thereby feeding financial instability. Finally, because of the irresistible advance of globalization, the gap between winners and losers only continued to widen.

45. The real challenge for the international community was not to stop the inexorable march of global markets but to review the institutional and systemic frameworks within which they functioned. Mechanisms should be devised whereby all Governments, particularly those of the vulnerable developing countries, could participate in shaping the international financial architecture so as better to manage economic phenomena and prevent crises. Such a course of action was also necessary in order to meet the urgent need for coherence among international trade, financial and monetary systems. A unique opportunity to do so had arisen at the current time, when multilateral trade frameworks were under review, particularly the Uruguay Round Agreements, and when financial institutions were being restructured and reformed. As capital markets grew exponentially, it was increasingly difficult to distinguish them from the trade in goods and services. Clearly, a rule-based multilateral trading system could no longer coexist with mechanisms that tended towards anarchy and instability in the international financial system. It should not be forgotten that the International Monetary Fund had been created in an effort to ensure the financial stability without which the creation of the current multilateral trading system would not have been possible. The problems of external debt, official development assistance and innovative sources of funding had now to be added to those of reshaping the financial architecture and of coordination between trade and finance.

46. The Working Group on financing for development had succeeded in creating a climate of confidence. It had reviewed all the issues to be addressed in the agenda for the event in 2001 and defined the modalities of the preparatory process, which, in order to ensure a holistic treatment of all components of financing for development, should be carried out at all levels, including subregional and regional levels, and be able to call on expert groups to deal with specialized issues. Even more important, the exercise should be guided by the spirit of cooperation that had characterized the negotiations on General Assembly resolutions 52/179 and 53/173 and the work of the Working Group on financing for development.

47. **Mr. Gerus** (Belarus), said he favoured the convening of a high-level event on financing for development. He welcomed the report of the Working Group, which had performed its task well despite the complexity of the issues it had examined. Its recommendations were well conceived and justified. Nevertheless, he regretted that the report had not included a clearly defined section on the form to be taken by the high-level event. That form should be decided upon by consensus, from among the many possible options, before the end of the fifty-fourth session of the General Assembly. It was imperative for States to be represented at the highest level possible at the event, without, however, excluding the participation of non-governmental organizations and the private sector. The outcome of the high-level event would be decisive for the development of States and for progress towards the solution of socio-economic and ecological problems during the first decades of the next century.

48. The Working Group was also to be commended for having drawn up balanced proposals, respectful of the aspirations of the various groups of States, including all those with economies in transition. The formulation of the agenda should provide for a review of ways to obtain and efficiently use national financial resources, to permit the participation of additional funding sources, and to re-establish the predictability of the international system of trade and finance, into which the developing countries and countries with economies in transition had rapidly to integrate themselves.

49. It would also be necessary to take a position on the possible outcome that the General Assembly would be expecting from the high-level event, as that outcome was the only means of confirming the practical utility of a high-level event of that type and was impatiently awaited in many quarters. The form to be used would by preference be the one that was guided by the rich experience acquired during the major recent conferences of the United Nations, although the unique character of the high-level event in 2001 should also be emphasized. Belarus would cooperate actively in the preparations for it.

50. **Mr. Hanif** (Pakistan) said that he associated himself with the statement made by the representative of Guyana on behalf of the Group of 77 and China. With respect to the high-level intergovernmental event on financing for development in 2001 whose modalities remained to be settled, his delegation advocated the holding of a stand-alone United Nations high-level meeting, with a comprehensive agenda, and further proposed that the elements annexed to the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development should be adopted as the agenda of the meeting. He understood that it was perhaps not advisable to take final decisions about the form, agenda and scope of the meeting at the present stage, and that those issues should be left to the preparatory process to be launched in 2000. Nevertheless, it was possible to

examine the modalities for the participation of the International Monetary Fund, the World Bank, the United Nations Conference on Trade and Development and other relevant institutions in order to ensure their effective participation.

51. The high-level intergovernmental event on financing for development should launch a process of releasing resources for development from all parts of the global economic system, including the economic and financial sectors, foreign direct investment, enhanced official development assistance, and the fulfilment of all the internationally agreed targets for development. It should also ensure the creation of an enabling international economic environment. The event was about equity and the humanizing of globalization. It should be a true gesture of the international community's commitment to provide finances for development and the eradication of poverty.

52. **Mr. Suh Dae-won** (Republic of Korea) said that the globalization of the economy had been accompanied by growing concerns about its uneven and uncertain consequences and about the marginalization of developing countries. The Committee should therefore take up the subject of financing for development, and in particular it should decide on the form and substance of the high-level meeting scheduled for 2001. With regard to the form of the meeting, it was essential to guarantee the participation of all national and international stakeholders in both the event itself and the preparatory process. Cooperation with such organizations as the World Trade Organization and the Bretton Woods institutions was required in order to enhance synergies.

53. With regard to substance, the theme of mobilization of private resources for development financing was particularly important. Discussions should therefore focus on strengthening policy and institutional capacities at the national and international levels to promote trade and encourage foreign direct investment. The discussion should also address ways to assist developing countries to generate and apply modern information and communication technologies in support of their development objectives. The role of public financing was very important for poverty eradication. The continued decline of official development assistance was particularly worrisome in that connection. Accordingly, there was a need to reaffirm political commitments to reverse that trend and allow developing countries to address the challenges of globalization. Furthermore, the discussion should address the problem of external debt to find innovative funding mechanisms such as the clean development mechanism provided for in the Kyoto Protocol.

54. Institutional problems should be addressed in a comprehensive manner and the United Nations should help improve the international financial architecture, complementing action already taken by other international organizations. It should also work to promote transparency and accountability at the national and international levels. Lastly, there must be a strong partnership between North and South, between public and private sectors and among States, corporations, international institutions and individuals in order to address the multidimensional issues of financing for development and to harness the benefits of globalization. It should thus be possible for all relevant stakeholders to participate in the high-level event in order to advance the common aim of sustainable development.

55. **Mr. Lisk** (International Labour Organization) said that financing for development was directly linked with the mandate and work programme of the International Labour Organization (ILO), which was particularly concerned about the impact of the liberalization of capital on growth and job creation, as well as on the structure of employment, wage inequality and income insecurity. The most pressing issue was undoubtedly the reform of the international financial system. Globalization had shown that vulnerable and unstable financial systems were closely linked with economic crises and social problems.

56. The drop in aid contributions, especially the continuing decline in the share of net official development assistance in the gross domestic product of donor countries, had led to increased reliance on private loans on the international capital market. Recent events had shown how financial crises could be extremely contagious. From the standpoint of employment and social concerns, it was most important to find ways of resolving financial crises without having to go through severe economic contractions and a consequent sharp rise in employment and poverty. Reform at the international level would need to be complemented by changes in domestic policy aimed at reducing vulnerability to financial crises.

57. There was also a need for developing countries to establish transparent and well regulated financial systems, including mechanisms for monitoring and controlling short-term capital flows. Such financial systems should be complemented by a strong social dimension as a means for strengthening social protection, by introducing, for example, unemployment insurance or extending the coverage of social assistance. ILO strongly advocated the need for fully integrating labour and social policy issues with mainstream economic policy. The ILO Declaration on Fundamental Principles and Rights at Work could serve as an instrument

for enhancing social protection and contributing to more socially sensitive financial and economic policies.

58. **Mr. Fahmy** (Egypt) said that the question of financing for development was so important that it should be accorded the closest attention in the context of preparations for the high-level event that was to take place in 2001. The key idea that had gained favour within the United Nations system and the international economic institutions — that they should coordinate their efforts to achieve consistent, comprehensive development, taking account of every dimension, including the human — ignored, whether deliberately or not, the two essential factors, namely financing for development and the structural faults in the mechanisms of the world economy. The priority must therefore be to consider the two issues within the framework of preparations for the high-level event, rather than emphasize internal reforms thereby obscuring the prerequisites for any development. An objective examination of financing for development should involve every aspect of the question, avoiding any attempt to gloss over the serious structural faults in the world economic system. Any move to reduce the issue of financing for development to the mere implementation of the outcomes of conferences held during the 1990s, on the pretext that those outcomes constituted an international action plan for development, would proceed from a superficial vision which showed no understanding of the fundamental problems posed by development. The outcomes of the conferences undoubtedly provided a useful framework for considering development problems, but they could in no way replace an examination of the basic economic dimensions of development.

59. His delegation welcomed the constructive spirit displayed in the recommendations of the Ad Hoc Open-ended Working Group and hoped that the same spirit would prevail between the developed and the developing countries, in the awareness that it was impossible to achieve tangible results without the effective participation of developing countries and the acknowledgement of their interests in order to avoid new crises in the world economy similar to those over the past two years, which had been largely due to the non-participation of developing countries in decisions taken at the international level. His delegation also stressed the importance of participation by all the multilateral international economic institutions, without exception. All parties should participate in the preparatory process, through the bodies that had been established to that end. The United Nations had a decisive role to play in that regard, in conformity with the provisions of the Charter of the United Nations and as the principal international forum, the various bodies of which displayed the transparency and democracy necessary for the consideration of such questions.

60. **Mr. Chave** (Observer for Switzerland) said that his delegation associated itself with the idea of organizing a high-level international meeting in 2001 to examine the various aspects of financing for development. The meeting's programme of work should be well defined and should focus on national and international modes of financial support for development, so that the issue of direct financing for development could become part of a wider canvas including both economic policy and normative issues. The event should be the starting point of an appropriate and clearly structured reorganization of the current system of financing for development. The meeting should therefore direct recommendations not only to the multilateral institutions but also to bilateral institutions and the whole range of development actors, including national actors. The meeting, and the preparatory process, must bring together, in a spirit of openness and dialogue, all the main partners, including not only Governments and the relevant bodies of the United Nations system, but also the Bretton Woods institutions, the regional banks and the World Trade Organization. His delegation had noted the proposal that the meeting should be co-sponsored by the United Nations and other institutions, but it feared that such a step would result in the loss of precious time. There was considerable merit in following a more traditional and well established formula, which could then be enhanced and complemented in innovative ways. In any case, the necessary official decisions on starting preparations for the meeting should be taken before the end of the fifty-fourth session of the General Assembly, so that the organization of the meeting could start in 2000 with clear guidelines that would guarantee its success.

The meeting rose at 12.45 p.m.